



HOUSE COMMITTEE ON APPROPRIATIONS

FY 10-11
Executive Budget

Department of Economic
Development



Louisiana Economic Development
is comprised of the following two agencies:

- Office of the Secretary
- Office of Business Development



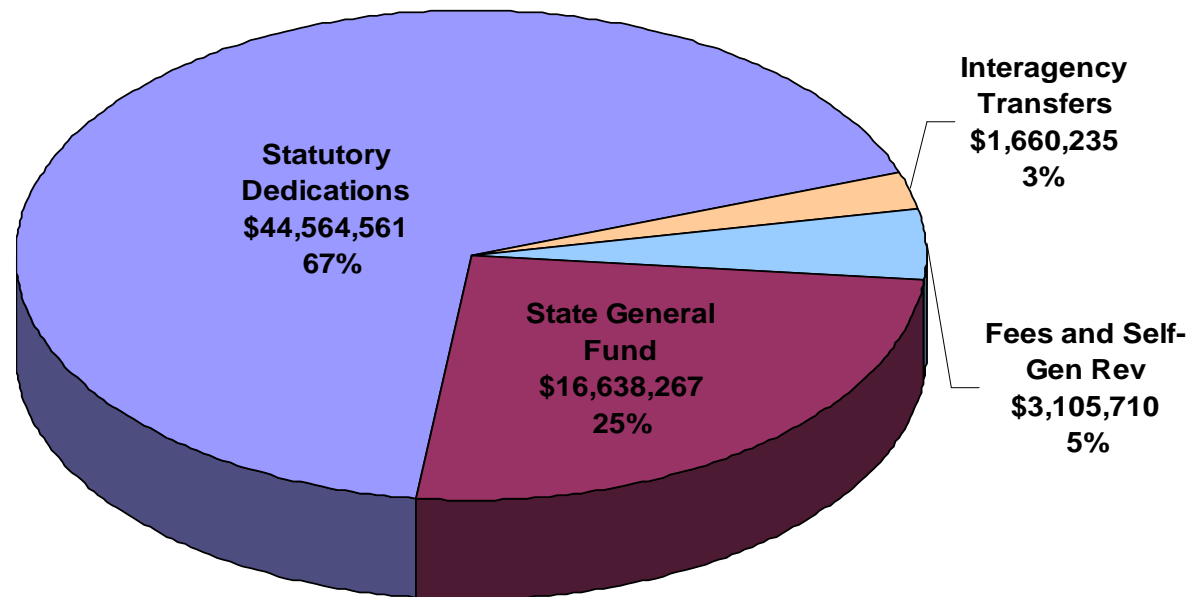
Executive Budget Recommendation

- The FY 10-11 Executive Budget Recommendation reduces the total existing operating budget by 75%. The funding reduction is largely due to \$193 million of non-recurring adjustments and carryforwards.
- There is a T.O. reduction of three in the Executive Budget recommendation.



Executive Budget Recommendation

- FY 10-11 Executive Budget Recommendation is \$65.9 million.





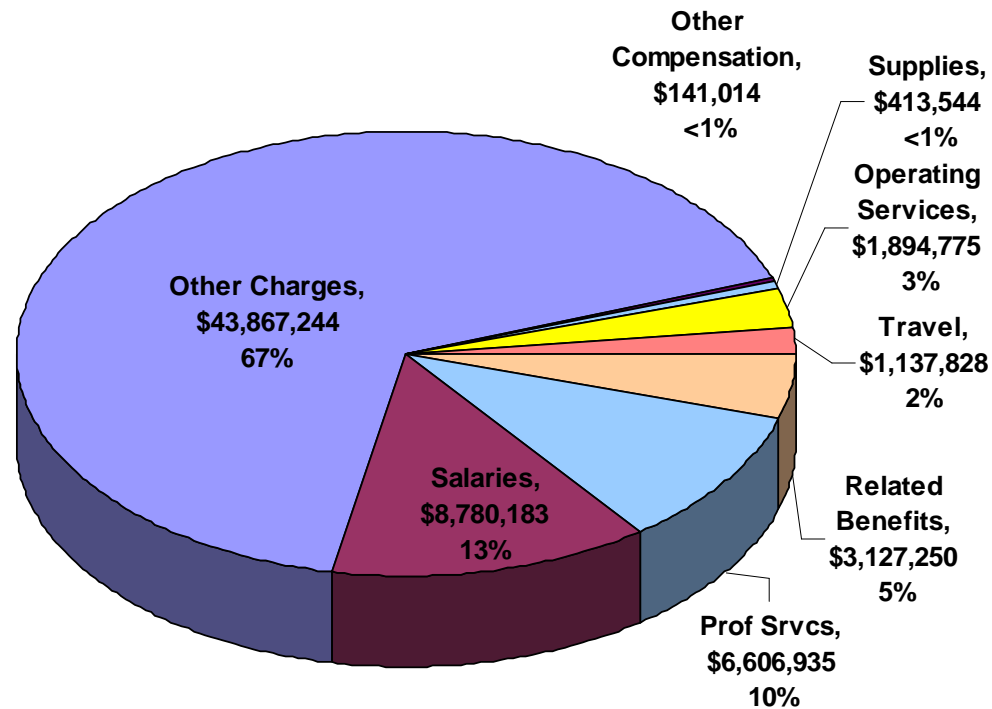
Executive Budget Recommendation

Louisiana Economic Development FY 10-11 Executive Budget Recommendation					
Means of Finance	FY 08-09 Actual Expenditures	FY 09-10 Existing Operating Budget 12/1/09	FY 10-11 Executive Budget Recommended	Change from FY09-10 to FY10-11	Percent Change
State General Fund	\$28,233,420	\$22,675,929	\$16,638,267	(\$6,037,662)	-26.6%
Interagency Transfers	\$72,863,277	\$50,826,873	\$1,660,235	(\$49,166,638)	-96.7%
Fees and Self-Gen Rev	\$1,958,016	\$18,102,237	\$3,105,710	(\$14,996,527)	-82.8%
Statutory Dedications	\$101,211,683	\$164,724,486	\$44,564,561	(\$120,159,925)	-72.9%
Federal Funds	\$808,996	\$7,017,250	\$0	(\$7,017,250)	-100.0%
TOTAL	\$205,075,392	\$263,346,775	\$65,968,773	(\$197,378,002)	-74.9%
Authorized Positions	119	131	128	(3)	-2.3%



Executive Budget Recommendation

- FY 10-11 Executive Budget Recommendation by expenditures.





Executive Budget Recommendation

Louisiana Economic Development Expenditure Comparison					
Expenditures	FY 08-09 Actual	FY 09-10 Existing Operating Budget 2/1/09	FY 10-11 Executive Budget Recommendation	Change from FY 09-10 to FY 10-11	Percent Change
Salaries	\$7,953,862	\$8,915,510	\$8,780,183	(\$135,327)	-1.5%
Other Compensation	\$155,585	\$141,014	\$141,014	\$0	0.0%
Related Benefits	\$2,476,192	\$2,845,096	\$3,127,250	\$282,154	9.9%
Travel	\$706,383	\$1,137,828	\$1,137,828	\$0	0.0%
Operating Services	\$1,141,075	\$1,906,694	\$1,894,775	(\$11,919)	-0.6%
Supplies	\$198,149	\$413,544	\$413,544	\$0	0.0%
Prof Svcs	\$6,267,893	\$7,356,942	\$6,606,935	(\$750,007)	-10.2%
Other Charges	\$185,535,029	\$240,268,158	\$43,867,244	(\$196,400,914)	-81.7%
Acq/Major Repairs	\$641,224	\$361,989	\$0	(\$361,989)	-100.0%
TOTAL EXP	\$205,075,392	\$263,346,775	\$65,968,773	(\$197,378,002)	-74.9%



Executive Budget Recommendation

- Discretionary vs Non-Discretionary

Expenditures	FY 09-10 Exe Bud Recommendation	Percent
Discretionary	\$60,570,573	91.8%
Non-Discretionary	\$5,398,200	8.2%
TOTAL	\$65,968,773	100.0%

- The non-discretionary funds consist of retiree's group insurance and the debt service payments regarding Union Tank Car, Northrop Grumman and CG Railway.



Significant Budget Adjustments

- (\$174 million) Non-recur carryforwards (\$5.3 million SGF, \$49.1 million IAT, \$15.2 million SGR, \$97.5 million SD, \$7 million FED).
- (\$17 million) SD Non-recur one-time funding in the Rapid Response Fund.
- (\$3.3 million) SGF Decreases funding for debt service.
- (\$2.9 million) SD Decreases funding to the Small Business Surety Bonding Fund.
- (\$1.5 million) SD Eliminates funding for the Workforce Development and Training Program.
- (\$1.3 million) SD Decreases funding to the Loan Guarantee program.



Significant Budget Adjustments

- (\$1.3 million) SD Decreases funding to the wet labs from the Louisiana Economic Development Fund.
- (\$500,000) SD Decreases funding from the Louisiana Economic Development Fund for the National Center for Advanced Manufacturing (NCAM).
- \$5 million SD Provides funding for the Rapid Response Fund.
- \$1.3 million SGF Provides funding for debt service payments.



Salaries and Positions

- \$8.9 million for Salaries and Other Compensation
- \$3.1 million for Related Benefits.
- Total Personal Services = \$12 million, 18.3% of the total Executive Budget Recommendation.
- 128 Total Positions (78 classified and 50 unclassified)
- Average salary for the department \approx \$68,000
- Currently the department has 12 vacancies



Statutory Dedications

Statutory Dedication Comparison					
Statutory Dedications	FY08-09 Actual Expenditures	FY 09-10 Existing Operating Budget 12/1/09	FY 10-11 Executive Budget	Change FY 09-10 to FY 10-11	Percent Change
Louisiana Economic Development	\$40,481,845	\$35,578,397	\$22,353,665	(\$13,224,732)	-37.2%
Mega Project Development Fund	\$42,217,410	\$76,782,590	\$2,000,000	(\$74,782,590)	-97.4%
Rapid Response Fund	\$13,617,458	\$42,625,480	\$15,000,000	(\$27,625,480)	-64.8%
Small Business Surety Bond	\$1,766,320	\$5,957,377	\$3,000,000	(\$2,957,377)	-49.6%
Marketing Fund	\$2,186,300	\$2,669,581	\$2,060,896	(\$608,685)	-22.8%
Entertainment Promotion/Marketing	\$129,615	\$342,000	\$150,000	(\$192,000)	-56.1%
2004 Overcollections Fund	\$584,462	\$769,061	\$0	(\$769,061)	-100.0%
TOTAL	\$100,983,410	\$164,724,486	\$44,564,561	-\$120,159,925	-72.9%



Major Statutory Dedications

- Louisiana Economic Development Fund (R.S. 51:2315)
 - The fund includes cash from investments and vendor's compensation from the Department of Revenue and the Department of Public Safety.
 - All monies received or appropriated to the fund remain in the fund and are not reverted to the State General Fund at the end of the fiscal year.
 - The fund is largely used for financial assistance programs, workforce development and training programs.
 - Reduction due to non-recurring adjustments and carryforwards, a reduction in the Louisiana Economic Development Corporation's financial assistance activities, and the elimination of the traditional workforce development and training program.



Major Statutory Dedications

- Rapid Response Fund (R.S. 51:2361)
 - The source of revenue is State General Fund and the state treasurer is directed to deposit into the fund at the beginning of each fiscal year an amount sufficient to bring the unencumbered balance in the fund to \$10 million.
 - All unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.
 - Funds are to be used by the secretary of the department for immediate funding of all or a portion of economic development projects necessary in order to successfully secure the creation or retention of jobs by a business entity under circumstances determined by the secretary or the governor.



Major Statutory Dedications

- Louisiana Mega-Project Development Fund (R.S. 51:2365)
 - Funds are to be used by the secretary of the department for immediate funding of economic development mega-projects necessary in order to successfully secure the creation or retention of jobs by a business entity.
 - All unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.
 - In order to meet the definition of a mega-project, the project must create 500 new direct jobs to the state or have a minimum initial investment of \$500 million, and project a substantial return on the investment by the state as measured by projected tax revenues. The state investment in any mega-project shall not exceed 30% of the total cost of the project.
 - A mega-project shall also mean any project for a military or federal installation which is important to the Louisiana economy and that may be subject to base realignment and closure and purchase of land for a mega-project.



Other Items

Blue Ocean Initiative

The Blue Ocean initiative is a strategy project designed to: (a) identify the state's best narrowly defined growth industries of the future (industries with significant growth potential in which no states have yet cemented a commanding leadership position); and (b) develop and execute action plans to cultivate each of these sectors. Preliminary state targets include the following industry segments:

- Digital media / software development (including selected segments within healthcare IT, education IT, video-game development, and possibly eReaders)
- Next-generation automotive manufacturing (e.g., electric vehicles, composites manufacturing)
- Specialty healthcare (medical corridor(s), obesity/diabetes research and treatment, pharmaceutical manufacturing)
- Renewables and energy efficiency (green building/manufacturing, hydropower, algae-based energy production, nuclear power module manufacturing)
- Water management (developing a world-class water-management industry – Netherlands of the U.S.)
- Next wave oil & gas (ultra deep water oil, unconventional natural gas, enhanced oil recovery)



Budget Reductions

- The FY 09-10 budget reduction in accordance with Executive Order BJ 2009-21 was \$1,714,480 which represents less than 1% of the total budget and 7.6% of State General Fund. This reduction would be taken by reducing financial assistance from the Louisiana Economic Development Corporation.